

## **EXHIBIT 1**

### **INTRODUCTION**

Respondent Mammoth Mountain Ski Area is a ski resort located in Mammoth Lakes.

In 2002, during the second semi-annual campaign reporting period July 1, 2002 through December 31, 2002, Respondent Mammoth Mountain Ski Area made a \$10,000 political contribution, and thereby qualified as a “major donor committee” under the Political Reform Act (the “Act”).<sup>1</sup> As such, Respondent was required to comply with specified campaign reporting provisions of the Act.

As a major donor committee, Respondent was required by the Act to file a semi-annual campaign statement, commonly known as a “major donor statement,” disclosing Respondent’s campaign activity during the period July 1, 2002 through December 31, 2002. Respondent committed a violation of the Act by failing to timely file that semi-annual campaign statement.

For the purposes of this Stipulation, Respondent’s violation is stated as follows:

Respondent Mammoth Mountain Ski Area failed to file a semi-annual campaign statement, by the January 31, 2003 due date, for the reporting period July 1, 2002 through December 31, 2002, in violation of section 84200, subdivision (b) of the Government Code.

### **SUMMARY OF THE LAW**

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that the contributions and expenditures affecting election campaigns are fully and truthfully disclosed to the public, so that voters may be better informed, and improper practices may be inhibited. To that end, the Act sets forth a comprehensive campaign reporting system designed to accomplish this purpose of disclosure.

Section 82013, subdivision (c) includes within the definition of “committee” any person or combination of persons who directly or indirectly makes contributions, including loans, totaling ten thousand dollars (\$10,000) or more in a calendar year to, or at the behest of, candidates or committees. This type of committee is commonly referred to as a “major donor” committee.

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<sup>1</sup> The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

Section 84200, subdivision (b) requires a major donor committee to file a semi-annual campaign statement for any reporting period in which the committee made campaign contributions. The first semi-annual campaign statement covers the reporting period January 1 to June 30, and must be filed by July 31. The second semi-annual campaign statement covers the reporting period July 1 to December 31, and must be filed by January 31 of the following year.

Section 84215, subdivision (a) requires all major donor committees that make contributions supporting or opposing state candidates, measures, or committees to file their campaign statements with the offices of the Secretary of State, the Registrar-Recorder of Los Angeles County, and the Registrar of Voters of the City and County of San Francisco.

### **SUMMARY OF THE FACTS**

On October 14, 2002, Respondent Mammoth Mountain Ski Area made a \$10,000 campaign contribution to the Citizens & Law Enforcement Against Election Fraud, No on Proposition 52 Committee. By making this \$10,000 contribution, Respondent qualified as a major donor committee under section 82013, subdivision (c).

Having qualified as a major donor committee, Respondent Mammoth Mountain Ski Area had a duty, under section 84200, subdivision (b), to file a semi-annual campaign statement for the reporting period July 1, 2002 through December 31, 2002, disclosing its October 14, 2002 contribution to the Citizens & Law Enforcement Against Election Fraud, No on Proposition 52 Committee. Respondent was required to file the statement at all of the locations specified in section 84215, subdivision (a), including the Office of the Secretary of State, by January 31, 2003. However, Respondent failed to file a semi-annual campaign statement by the January 31, 2003 due date, in violation of section 84200, subdivision (b).

Enforcement Division staff subsequently contacted Respondent Mammoth Mountain Ski Area regarding its failure to file a semi-annual campaign statement for the reporting period July 1, 2002 through December 31, 2002. After being contacted by the Enforcement Division, Respondent filed the delinquent semi-annual campaign statement on June 30, 2003, approximately five months late.

### **CONCLUSION**

This matter consists of one count, which carries a maximum possible administrative penalty of Five Thousand Dollars (\$5,000).

Although this matter could have been resolved through the Enforcement Division's Streamlined Major Donor Enforcement Program for a penalty of no more than \$1,500, this matter was excluded from the program when Respondent declined to reach an early resolution of the matter through that program.

The administrative penalty imposed for major donor filing violations resolved outside of

the Streamlined Major Donor Enforcement Program has historically been determined on a case-by-case basis, and has varied depending on the mix of aggravating and mitigating circumstances. In this case, Respondent's violation is aggravated by the fact that it required Enforcement Division contact in order to prompt it to file the delinquent statement, and the additional efforts of an Enforcement Division attorney to arrive at a stipulated settlement. Therefore, a penalty higher than that which would have been imposed under the streamlined program is appropriate. However, Respondent was a first-time major donor, and has attributed its violation to a lack of understanding of its filing requirements. In light of these factors, a penalty approximating the middle of the penalty range is appropriate.

The facts of this case therefore justify imposition of the agreed upon penalty of Two Thousand Dollars (\$2,000).